

FEDERAL BUREAU OF INVESTIGATION  
FOI/PA  
DELETED PAGE INFORMATION SHEET  
FOI/PA# 1466766-0

Total Deleted Page(s) = 36

Page 26 ~ Duplicate;  
Page 27 ~ Duplicate;  
Page 28 ~ Duplicate;  
Page 29 ~ Duplicate;  
Page 30 ~ Duplicate;  
Page 31 ~ Duplicate;  
Page 32 ~ Duplicate;  
Page 33 ~ Duplicate;  
Page 34 ~ Duplicate;  
Page 35 ~ Duplicate;  
Page 36 ~ Duplicate;  
Page 37 ~ Duplicate;  
Page 38 ~ Duplicate;  
Page 39 ~ Duplicate;  
Page 40 ~ Duplicate;  
Page 41 ~ Duplicate;  
Page 42 ~ Duplicate;  
Page 43 ~ Duplicate;  
Page 44 ~ Duplicate;  
Page 45 ~ Duplicate;  
Page 46 ~ Duplicate;  
Page 47 ~ Duplicate;  
Page 48 ~ Duplicate;  
Page 49 ~ Duplicate;  
Page 50 ~ Duplicate;  
Page 51 ~ Duplicate;  
Page 52 ~ Duplicate;  
Page 53 ~ Duplicate;  
Page 54 ~ Duplicate;  
Page 55 ~ Duplicate;  
Page 56 ~ Duplicate;  
Page 57 ~ Duplicate;  
Page 58 ~ Duplicate;  
Page 59 ~ Duplicate;  
Page 60 ~ Duplicate;  
Page 61 ~ Duplicate;

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX  
X Deleted Page(s) X  
X No Duplication Fee X  
X For this Page X  
XXXXXXXXXXXXXXXXXXXXXXXXXXXXX

SSP

CLASS  
SEC'D  
SER  
REG

24 JAN 90

RR

no Dir  
ADD Adm  
Inv  
no Dir  
Cum Servs  
Crim Inv  
Ident  
Insp  
Intell  
Lab  
Legal Coun  
Rec Mgnt  
Tech Servs  
Training  
Cong Affs Off  
Off of EEO  
Off Liaison &  
Int Affs  
Off of Public Affs  
Core Serv  
Adm Serv

0663 MRI 01743

PP RUEHFB

Ed 217

DE FBIAT #0010 0242118

ZNR UUUUU

P 242104Z JAN 90

FM FBI ATLANTA (205-AT-63756) (P)

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

SECTION ONE OF TWO SECTIONS

CITE: //3040:SQ 511

PASS: ATTENTION /ID FINANCIAL CRIMES UNIT, SSA

SUBJECT:

CHURCHILL, CLEVELAND, OHIO;

SER VAAS, INC., INDIANAPOLIS, INDIANA;

FCPA-1977; 100: ATLANTA.

DURING WEEK ENDING 1/19/90,

ATLANTA, GEORGIA, WHO REPRESENTS SER VAAS, INCORPORATED (SVI),

1000 WATERWAY BOULEVARD, INDIANAPOLIS, INDIANA, CONTACTED

ASSISTANT U.S. ATTORNEY (AUSA) U.S. ATTORNEY'S

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 7-19-00 BY 60267NLS/EP/BS

162-162

ALL INFO CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 7-19-00 BY 60267NLS/EP/BS

4-24-00  
CLASSIFIED BY NLS/EP-60267 (AAG)  
REASON 1.5 (58)  
DECLASSIFY ON: X1,6

SECRET

~~SECRET~~

PAGE TWO DE FBIAT 0016 UNCLAS

OFFICE, ATLANTA, AND ADVISED HIS CLIENT SVI HAS HAD DEALINGS WITH MATRIX CHURCHILL AND BANCO NAZIONALE DEL LAVARO (BNL), ATLANTA BRANCH. [ ] SAID HIS CLIENT HAS NOTICED NEWS ARTICLES MENTIONING CRIMINAL INVESTIGATION OF [ ] AT BNC, ATLANTA, AND THEREFORE WANTED TO ARRANGE A MEETING FOR A CORPORATE OFFICER TO PROVIDE INFORMATION. ACCORDINGLY, AN INTERVIEW WAS ARRANGED ON 1/22/90, AT THE UNITED STATES ATTORNEY'S OFFICE, ATLANTA, HOWEVER, [ ] DID NOT ANTICIPATE A LENGTHY INTERVIEW AND HAD SCHEDULED THE RETURN FLIGHT OF [ ] [ ] OF SVI, TO INDIANAPOLIS SHORTLY AFTER THE INTERVIEW BEGAN. THEREFORE, THEY AGREED TO AN UNSCHEDULED FUTURE INTERVIEW. ~~CS~~

b6  
b7C

ON 1/22/90, [ ] SVI, [ ] PROVIDED THE FOLLOWING INFORMATION IN THE PRESENCE OF HIS ATTORNEYS [ ] INDIANAPOLIS, IN., AND [ ] ATLANTA, GA., TO ASSISTANT U.S. ATTORNEY (AUSA) [ ] U.S. ATTORNEYS OFFICE, ATLANTA, GA., SPECIAL AGENT [ ] DEPARTMENT OF AGRICULTURE (DOA), ATLANTA, GA., SPECIAL AGENT [ ] U.S. CUSTOMS SERVICE, ATLANTA, GA., [ ] FEDERAL RESERVE BANK EXAMINER, ATLANTA, GA., AND SPECIAL AGENT [ ] FEDERAL ~~CS~~

b6  
b7C

~~SECRET~~

~~SECRET~~

PAGE THREE DE FBI47 0012 UNCLAS

BUREAU OF INVESTIGATION (FBI), ATLANTA, GA: ~~(S)~~

IN EARLY 1988, [REDACTED] MATRIX CHURCHILL, (MC) CLEVELAND, OH., CONTACTED [REDACTED] CONCERNING THE POSSIBILITY OF SVI BUILDING A BRASS FACTORY IN THE COUNTRY OF IRAQ. [REDACTED] BEGAN NEGOTIATIONS WITH [REDACTED] WHO ATTEMPTED TO LAY OUT THE PLANS FOR THE BRASS FACTORY. SEVERAL MEETINGS WERE HELD BETWEEN [REDACTED] AND [REDACTED] OF MC. ORIGINALLY [REDACTED]

UNDERSTOOD MC WOULD BE ACTING AS A PRIME CONTRACTOR ON THIS PROJECT, WHICH WAS ESTIMATED TO COST APPROXIMATELY \$100 MILLION. THIS CONTRACT WOULD BE BETWEEN THE COUNTRY OF IRAQ AND SVI. ~~(S)~~

ABOUT MAY OF 1988, SVI SENT AN EMPLOYEE TO IRAQ TO LOOK AT THE SIGHT AND TALK TO IRAQ OFFICIALS ABOUT THE CONSTRUCTION OF THE FACTORY. AT THIS TIME IT WAS LEARNED THAT THE IRAQIS NEEDED A BRASS REFINERY PLANT, WHICH WAS ALL TOGETHER DIFFERENT THAN WAS PREVIOUSLY DISCUSSED BETWEEN [REDACTED] AND [REDACTED] EXPLAINED SVI HAD TO DEMONSTRATE TO THE IRAQIS THAT THEY COULD TAKE ALL OF THE IMPURITIES OUT OF BRASS WASTE PRODUCTS. THEREFORE, SVI HAD THEIR BRASS PLANT IN BRIDGEPORT, IN., TAKE APPROXIMATELY TEN TONS OF IMPURE BRASS AND REMOVE THE IMPURITIES, INCLUDING SILICONE. TWO FACTORY ENGINEERS FROM IRAQ VISITED THE BRIDGEPORT PLANT TO ~~(S)~~

b6  
b7c

b6  
b7c

~~SECRET~~

~~SECRET~~

PAGE FOUR DE FBIAT 0018 UNCLAS

OBSERVE THIS PROCESS. [ ] POINTED OUT IRAQ HAS SEVERAL HUNDRED THOUSAND TONS OF BRASS SHELL CASINGS USED DURING THEIR WAR WITH IRAN TO BE PROCESSED THROUGH THE PROPOSED PLANT. ~~(S)~~

b6  
b7C

[ ] ADVISED A FEW DAYS BEFORE HE RECEIVED A LETTER DATED 2/26/88 FROM [ ] HE TALKED WITH [ ] WHO MENTIONED MC NEEDED A FIVE PERCENT FINDERS FEE ON THIS PROJECT. [ ] SAID THAT HE DID NOT ACKNOWLEDGE SVI INTENTION TO PAY A FINDERS FEE UNTIL MAY OF 1983 DURING DISCUSSIONS WITH [ ] UNDERSTOOD MC WOULD BE A PRIME CONTRACTOR AND SVI WOULD BE QUOTING THEIR CONTRACT THROUGH MC. BUT MC WAS ALSO ASKING FOR THIS FIVE PERCENT FEE BASED ON THE CONTRACT PRICE WHICH WOULD APPROXIMATE \$2 MILLION. [ ] SAID MOST ALL OF THE CONTRACT DOCUMENTATION WITH IRAQ WAS HANDLED BY SVI AND HE DEALT WITH A [ ] ~~(S)~~

b6  
b7C

ON 9/10/88, THREE IRAQ OFFICIALS TRAVELED TO INDIANAPOLIS, IN., TO DISCUSS THE CONTRACT. [ ] WAS PRESENT FOR THE FIRST TWO DAYS OF NEGOTIATIONS, HOWEVER THE THREE IRAQI OFFICIALS STAYED BETWEEN FIVE AND SEVEN DAYS. ON 10/2/88, [ ] RECEIVED THE CONTRACT BACK FROM IRAQ OFFICIALS FOR SVI TO SIGN. SEVERAL AMENDMENTS WERE MADE AND ON 1/2/89, SVI AGREED TO GO AHEAD WITH THIS PROJECT. [ ] SAID HE WAS IN IRAQ WITH [ ] WHEN THE ~~(S)~~

b6  
b7C

~~SECRET~~

~~SECRET~~

PAGE FIVE DE FBIAT 0018 UNCLAS

FIRST DRAW OF APPROXIMATELY \$4 MILLION WAS MADE. [ ]  
EXPLAINED THE FINANCING WAS ARRANGED THROUGH THE BANCO NAZIONALE  
DEL LAVARO, (BNL), ATLANTA BRANCH. [ ] SAID BNL ORIGINALLY  
CALLED SVI CONCERNING THE FINANCING AND [ ] DEALT WITH [ ]  
[ ] AND [ ] SAID NO PAYMENTS WERE MADE TO  
ANY EMPLOYEES OF BNL FOR THE LETTERS OF CREDIT (LOC) WHICH WERE  
COMMITTED BY BNL IN THE AMOUNT OF \$40 MILLION. BNL HAS ISSUED  
THREE LETTERS OF CREDIT DATED 11/21/88, 2/10/89 AND 4/18/89.

[ ] SAID HE WAS NOT AWARE WHETHER OR NOT THESE LOANS WERE  
AUTHORIZED BY THE APPROPRIATE BNL OFFICIALS. ~~(S)~~

[ ] ADVISED SVI AGREED TO PAY MC FIVE PERCENT OF THE  
CONTRACT PRICE OF APPROXIMATELY \$40 MILLION AND SIGNED A CONTRACT  
WITH MC WHICH [ ] ALSO SIGNED. SINCE THE PROJECT STARTED,

[ ] SAID HE HAS MADE THREE PAYMENTS TO MC IN THE AMOUNTS OF  
\$70,000, \$130,000, \$300,000 FOR A TOTAL OF \$500,000. [ ] SAID  
HE WOULD TALK TO BOTH [ ] AND [ ] BEFORE THE PAYMENTS WERE  
MADE. [ ] EXPLAINED THE PAYMENTS WERE MADE VIA WIRE TRANSFERS  
FROM AN ESCROW ACCOUNT SET UP BY SVI. ~~(S)~~

[ ] ADVISED SVI HAD BEEN NEGOTIATING WITH AN UNNAMED  
COMPANY TO SELL ITS BRASS COMPANY IN BRIDGEPORT FOR ~~(S)~~

b6  
b7C

b6  
b7C

b6  
b7C

~~SECRET~~

~~SECRET~~

PAGE SIX DE FBIAT 0018 UNCLAS

APPROXIMATELY 18 MONTHS. PART OF THE NEGOTIATIONS CONCERNING THE SALE OF THIS SUBSIDIARY WAS SVI'S AGREEMENT NOT TO COMPETE IN THE BRASS INDUSTRY IN THE FUTURE. HOWEVER, SVI HAD ALREADY SIGNED ITS CONTRACT WITH THE IRAQI GOVERNMENT TO BUILD THE BRASS REFINERY. THEREFORE IN LATE SPRING OF 1989, THEY ARRANGED TO SELL THE IRAQI CONTRACT TO BUILD THE BRASS FACTORY TO AN UNASSOCIATED TRUST CALLED IZANE TRADING COMPANY (ITC) LOCATED ON THE ISLE OF MANN. ITC IS A TRUST RUN BY ASTON TRADING COMPANY.

[ ] SAID THIS ARRANGEMENT WAS MADE IN ORDER TO GET AROUND THE COVENANT NOT TO COMPETE. PART OF THIS AGREEMENT WAS FOR SVI SUBSIDIARY SER VAAS ENGINEERING COMPANY (SVE) TO PERFORM ON THIS CONTACT FOR ITC. THEREFORE, WHEN PAYMENTS OF EQUIPMENT OR VARIOUS INVOICES WERE NECESSARY TO PERFORM ON THE CONTRACT,

[ ] WOULD SEND THE MONEY FROM THE AFOREMENTIONED SVI ESCROW ACCOUNT TO ITC WHO WOULD PAY THE COSTS OF THE EQUIPMENT OR INVOICE TO SVE. IN ADDITION, THE PAYMENTS TO MC FOR THE FINDERS FEES WERE MADE BY ITC. [ ] SAID THE WIRE TRANSFERS WOULD GO FROM BANK ONE INDIANAPOLIS, IN., TO THE ISLE OF MANN, ACCOUNT OF ITC TO MC PARENT COMPANY IN COVENTRY, ENGLAND. ~~(S)~~

BT

#0018

NNNN

~~SECRET~~

b6  
b7c

~~SECRET~~

0665 MRI 01794

PP RUEHFB

DE FBIAT #0019 0242119

ZNR UUUUU

P 242104Z JAN 90

FM FBI ATLANTA (205-AT-63756) (P) ~~TOP~~

TO DIRECTOR FBI/PRIORITY/

BT

UNCLAS

SECTION TWO OF TWO SECTIONS

CITE: //3040:SQ 5//

PASS: ATTENTION ~~TOP~~ FINANCIAL CRIMES UNIT ~~TOP~~ SSA [REDACTED]

b6  
b7C

SUBJECT: [REDACTED] DBA MATRIX

CHURCHILL, CLEVELAND, OHIO; [REDACTED]

[REDACTED] SER VAAS, INC., INDIANAPOLIS, INDIANA;

FCPA-1977: 00: ATLANTA.

TEXT CONTINUES:

[REDACTED] SAID HE DOES NOT KNOW HOW ITC CAME TO THE ATTENTION  
OF SVI, HOWEVER, HE IS SURE THEY HAD NOTHING TO DO WITH MC OR

b6  
b7C

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 7-19-00 BY 60267NLS/EP/AS

~~ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED EXCEPT  
WHERE SHOWN OTHERWISE.~~

4-24-00  
CLASSIFIED BY NLS/EP-60267-(AAG)  
REASON 1.5 (6d)  
DECLASSIFY ON: X 1.6  
#912655  
~~SECRET~~



PAGE TWO DE FBIAT 0019 UNCLAS

~~SECRET~~

[ ] ADVISED MC IS A SUBSIDIARY OF A COMPANY CALLED TDG  
AND [ ] OF TDG. SVI HAS NOT ANY CONTACTS  
WITH OTHER COMPANIES WHO HAVE WORKED WITH MC. NEITHER [ ] NOR  
[ ] HAVE DISCUSSED ANY FUTURE POTENTIAL CONTRACTS WITH SVI. ~~(S)~~

b6  
b7C

[ ] SAID HE DOES NOT KNOW WHETHER [ ] WAS AN IRAQI  
GOVERNMENT OFFICIAL, HOWEVER, HE CONTINUED IT IS GENERALLY KNOWN  
THAT SINCE IRAQ IS A SOCIALIST GOVERNMENT, ALL PERSONS WORKING ON  
GOVERNMENT PROJECTS ARE REPRESENTED TO BE GOVERNMENT OFFICIALS. ~~(S)~~

b6  
b7C

DUE TO [ ] AND HIS ATTORNEY'S TRAVEL PLANS, THE INTERVIEW  
WAS CONCLUDED, HOWEVER HE AGREED TO CONTINUE WITH THE INTERVIEW  
AT A LATER DATE NOT YET SCHEDULED ~~(S)~~

b6  
b7C

IN ACCORDANCE WITH MIOG SECT. 205-2.6 NO FURTHER  
INVESTIGATION WILL BE CONDUCTED BY THE ATLANTA DIVISION UNTIL  
NOTIFIED BY FBIHQ. AUSA [ ] ADVISED SHE WOULD NOTIFY THE  
FRAUD SECTION OF THE DOJ CRIMINAL DIVISION THAT THIS INFORMATION  
WAS PROVIDED BY [ ] ~~(S)~~

b6  
b7C

LHM TO FOLLOW AND WILL INCLUDE RESULTS OF REVIEW OF RECORDS  
PROVIDED BY [ ] ~~(S)~~

BT

#0019

NNNN

~~SECRET~~

Mr. Lawrence A. Urgenson  
Chief, ~~Fraud Section~~  
Criminal Division

February 21, 1990

Larry A. Potts  
Chief, ~~White-Collar Crimes Section~~  
Criminal Investigative Division

~~24-00~~  
CLASSIFIED BY: NLS/EP-60267-(AAG)  
REASON: 1.5  
DECLASSIFY ON: X 1.6

DOING BUSINESS

AS MATRIX CHURCHILL, CLEVELAND, OHIO;  
SER VAAS, INCORPORATED;  
INDIANAPOLIS, INDIANA; FOREIGN CORRUPT PRACTICES ACT

ACTION MEMORANDUM  
ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 7-19-00 BY 60267NLS/EP/BS

Please find enclosed two copies of a teletype from our  
Atlanta Office.

The enclosed communication contains details of an  
allegation believed to be a violation of the Foreign Corrupt  
Practices Act of 1977 (FCPA).

The allegation, as detailed in the self-explanatory  
enclosed communication, was provided by  
Ser Vaas, Incorporated (SVI), in the  
presence of his attorney. came forward as a result of a  
news article mentioning a criminal investigation of officials at  
the Banco Nazionale Del Lavarro, Atlanta Branch. This is a major  
bank fraud investigation also being handled by our Atlanta  
Office.

through Matrix Churchill (MC), Cleveland, Ohio,  
became involved in building a brass factory in the country of  
Iraq. Although handling the negotiations directly with the  
country of Iraq, understood that MC would be acting as a  
prime contractor on this project, which was estimated to cost  
approximately \$100 million. Sometime during negotiations,  
received a letter from MC, requesting a  
five percent finders fee on this project. stated that SVI  
has paid \$500,000 to MC under this finders fee arrangement.  
does not know whether is an Iraqi Government  
official.

It is requested that you expeditiously review the  
enclosed document and render an opinion whether the allegations  
set forth require investigation under the FCPA of 1977. Should  
additional information be necessary to aid you in rendering an  
opinion, please contact Supervisory Special Agent

Exec AD Adm. \_\_\_\_\_  
Exec AD Inv. \_\_\_\_\_  
Exec AD LES \_\_\_\_\_  
Asst. Dir.:

Adm. Servs. \_\_\_\_\_ Enclosures (2)  
Crim. Inv. \_\_\_\_\_  
Ident. \_\_\_\_\_  
Insp. \_\_\_\_\_ 1 - Mr. Potts  
Intell. \_\_\_\_\_ 1 -  
Lab. \_\_\_\_\_  
Legal Coun. \_\_\_\_\_ 1 -  
Off. Cong. & \_\_\_\_\_  
Public Affs. \_\_\_\_\_  
Rec. Mgnt. \_\_\_\_\_  
Tech. Servs. \_\_\_\_\_  
Training \_\_\_\_\_  
Off. Liaison & \_\_\_\_\_  
Int. Affs. \_\_\_\_\_  
Telephone Rm. \_\_\_\_\_  
Director's Sec'y \_\_\_\_\_ MAIL ROOM

APPROVED:

Director \_\_\_\_\_  
Dep. Dir. \_\_\_\_\_  
ADD-Adm. \_\_\_\_\_  
ADD-Inv. \_\_\_\_\_

Adm. Servs. \_\_\_\_\_ Legal Coun. \_\_\_\_\_ Off. of Liaison  
Crim. Inv. \_\_\_\_\_ Rec. Mgnt. \_\_\_\_\_ & Int. Affs. \_\_\_\_\_  
Ident. \_\_\_\_\_ Tech. Servs. \_\_\_\_\_ C't. of  
Int. Affs. \_\_\_\_\_ Training \_\_\_\_\_ Public Affs. \_\_\_\_\_  
Cong. Affs. Off. \_\_\_\_\_  
Off. of EEO \_\_\_\_\_

Had carried to DOJ Fraud Section  
I. P. J. 12-21-90

b6  
b7c

b6  
b7c

b6  
b7c

b6  
b7c

FBI

## TRANSMIT VIA:

☐ Teletype  
☐ Facsimile  
☒ AIRTEL

## PRECEDENCE:

☐ Immediate  
☐ Priority  
☐ Routine

## CLASSIFICATION:

☐ TOP SECRET  
☐ SECRET  
☐ CONFIDENTIAL  
☐ UNCLAS E F T O  
☐ UNCLAS

SSE

CLASS  
 SER  
 REC

~~SECRET~~

Date 1/30/90

TO : DIRECTOR, FBI  
 (ATTN: ~~ICID~~, FINANCIAL CRIMES UNIT, SSA [redacted])

FROM : SAC, ATLANTA (205-AT-63756) (P) (SQ 5)

SUBJECT: CHANGED

aka [redacted]  
 TECHNOLOGY AND DEVELOPMENT GROUP, LTD. (TDG),  
 LONDON, ENGLAND;

aka [redacted]  
 MECHANICAL ENGINEER,  
 MATRIX-CHURCHILL CORPORATION,  
 CLEVELAND, OHIO

FCPA - 1977  
 OO: ATLANTA

b6  
 b7C

Title changed to correct position of [redacted] and add alias,  
 to correct spelling of [redacted] from [redacted] and add alias  
 and position and to delete [redacted] as subject.

b6  
 b7C

Re Atlanta teletype to Bureau, 1/24/90.

Enclosed for FBIHQ are the original and six copies of LHM  
 concerning captioned matter. It is requested one copy of LHM be  
 provided to Counter-Terrorism Division. One copy of LHM has been  
 disseminated to the U. S. Attorney's Office, Atlanta.

In accordance with MIOG Section 205-2.6, no further  
 investigation will be conducted by the Atlanta Division until  
 notified by FBIHQ. However, it should be noted that the  
 information provided by [redacted] in the enclosed LHM is closely  
 tied into Atlanta investigation titled [redacted]

b6  
 b7C

[redacted] dba BANCA NAZIONALE DEL  
 LAVORO (BNL); BF & E; OO: ATLANTA" (29B-AT-62547)

2 - Bureau (encs. 6)  
 3 - Atlanta

ENCLOSURE

1 - 29B-AT-62547

WLC:spp  
 (5)

ALL INFORMATION CONTAINED  
 HEREIN IS UNCLASSIFIED  
 DATE 7-19-00 BY 60267NLS/EP/13

12 FEB 8 1990

Approved: [signature]

Transmitted

Per [signature]

(Number) (Time)

CLASSIFIED BY: NLS/EP-60267(AAG)

REASON: 1.5 (G)

DECLASSIFY ON: 1.1, 6

# 912695

~~SECRET~~

ALL INFORMATION CONTAINED  
 HEREIN IS UNCLASSIFIED EXCEPT  
 WHERE SHOWN OTHERWISE.

COUNTER TERRORISM

~~205-AT-63756~~ ~~(S)~~

~~SECRET~~

During interviews of [redacted] in Atlanta case 29B-AT-62547, he intimated that after [redacted] first met [redacted] he became more willing to grant letters of credit to Iraq on projects in which MATRIX-CHURCHILL CORPORATION (MCC) had an interest. Although [redacted] has no direct knowledge of [redacted] receiving kickbacks from MCC, investigation has disclosed two other companies, CENTRIFUGAL CASTINGS and XYZ OPTIONS, INC., have also made payments to MCC for commissions. The net worth of these companies was small in comparison to the contracts they received through MCC with the Iraqi government, and both were contacted by MCC initially as was [redacted]. It should be noted that XYZ OPTIONS, in fact, was incorporated at approximately the same time that contracts with the Iraqis were formalized. ~~(S)~~

b6  
b7C

The allegations in this investigation not only involve potential violations of the FCPA-1977 Statute but also potential violations of the Fraud By Wire and Mail Fraud Statutes. It is the intention of AUSA [redacted] U.S. Attorney's Office, Atlanta, to proceed with a "scheme to defraud" investigation concerning allegations of MATRIX-CHURCHILL CORPORATION making kickbacks to [redacted] thereby depriving BNL of good faith services from [redacted]. ~~(S)~~

b6  
b7C

~~SECRET~~

~~SECRET~~

~~4-24-00~~  
~~NLS/EP-60267(AAG)~~  
~~6,8~~  
~~1,6~~  
DECLASSIFY ON: X

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 7-19-00 BY 60267NLS/EP/B



ENCLOSURE

~~SECRET~~  
~~NO FORN DISSEM~~

~~SECRET~~  
~~NO FORN DISSEM~~  
~~NO FORN DISSEM~~



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to  
File No

Atlanta, Georgia

January 30, 1990

[redacted]  
also known as [redacted]

TECHNOLOGY AND DEVELOPMENT GROUP, LTD. (TDG),  
LONDON, ENGLAND;

also known as [redacted]

MECHANICAL ENGINEER,  
MATRIX-CHURCHILL CORPORATION,  
CLEVELAND, OHIO;

FOREIGN CORRUPT PRACTICES ACT - 1977

b6  
b7C

Captioned matter was initiated as a result of an ongoing  
joint investigation titled [redacted]

[redacted] dba BANCA NAZIONALE DEL LAVORO  
(BNL). This multi-agency investigation is being coordinated  
through a task force of agents from FBI, Atlanta, Georgia; U.S.  
Department of Agriculture, Office of Inspector General (USDA,  
OIG), Atlanta; U.S. Customs Service (USCS), Atlanta; Internal  
Revenue Service (IRS), Atlanta; and Federal Reserve Bank  
examiner, Atlanta. During the course of this investigation at  
BNL Atlanta branch, it was discovered [redacted] and [redacted]  
received substantial monetary payments from organizations  
receiving unauthorized off-book funding from BNL-Atlanta.

b6  
b7C

Assistant U.S. Attorney (AUSA) [redacted] U.S.  
Attorney's Office, advised she is considering charging [redacted]  
with failing to register as a foreign agent as required by Title  
18, U.S. Code, Section 951. Investigation to date strongly  
suggests [redacted] was acting under the control and direction of  
Iraqi officials. In reviewing the circumstances surrounding the  
procedures [redacted] used to initiate loans, the interest rates  
charged, and the manner in which [redacted] tried to hide the loan  
activity, it became apparent he was not acting under the control  
and direction of BNL-Rome. Furthermore, [redacted] was ordered not  
to travel away from the Atlanta branch office by his [redacted]  
[redacted] of BNL's North American  
operations. Notwithstanding those orders, [redacted] and members of  
his staff made multiple trips to Baghdad to meet with Iraqi  
officials. Finally, this illicit loan activity occurred during a  
period of time when, given Iraq's credit rating, banking  
officials report that it was very difficult for Iraq to borrow  
money at any rate of interest.

b6  
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and  
is loaned to your agency, it and its contents are not to be distributed outside your agency.

ALL INFORMATION CONTAINED  
HEREIN IS UNCLASSIFIED  
DATE 7-19-00 BY 60267NLS/EP/BS

[redacted]

b6  
b7C

As a result of the investigation to determine [redacted] involvement with companies who are doing business in Iraq, it was disclosed that at least three companies were initially contacted by MATRIX CHURCHILL, Cleveland, Ohio, to see if they would be interested in construction projects in Iraq. The three companies were identified as SERVASS, INC., Indianapolis, Indiana, XYZ OPTIONS, Holt, Alabama, and CENTRIFUGAL CASTINGS.

On January 10, 1990, [redacted] XYZ OPTIONS, Holt, Alabama, provided the following information to USDA, OIG and USCS:

b6  
b7C

In January, 1988, [redacted] of MATRIX-CHURCHILL, Cleveland, Ohio, contacted [redacted] who at the time was working as an engineer for a firm in Pennsylvania, relative to construction of a plant carbine insert in Iraq. The plant was to be built outside of Baghdad in the Youssaoufia District and was to be designed for making carbine inserts for various types of metals.

In April, 1988, [redacted] visited Iraq and met with [redacted] and [redacted] who were the [redacted] and [redacted] respectively, for the MACHINERY TRADE COMPANY. The MACHINERY TRADE COMPANY was the purchasing arm for the BADER GENERAL establishment, the entity controlling the construction of the plant and which was under the overall direction of the Minister of Industry and Military Production.

b6  
b7C

Sometime during the month of April, 1988, MATRIX-CHURCHILL, Cleveland, Ohio, requested a ten percent finder's fee on all business [redacted] engaged in with firms in Iraq. [redacted] refused this arrangement but subsequently agreed to pay MATRIX-CHURCHILL a ten percent finder's fee on business they were responsible for generating to him. [redacted] stated that he refused their initial plan because he could not foresee paying anyone without justification. [redacted] stated that these conversations were with [redacted]. Further, [redacted] stated that the payment of a finder's fee was a common practice in the industry and the percentage was acceptable for industry standards.

b6  
b7C

In mid-April, 1988, XYZ OPTIONS, INC., was incorporated with the state of Alabama, State Corporations Division. According to [redacted] the firm was established with the idea that the project in Iraq would provide the seed money needed to realize his entrepreneurial objectives.

b6  
b7C

In June, 1988, XYZ OPTIONS, INC., signed the plant construction contract with MACHINERY TRADE COMPANY. On July 14, 1988, BADER forwarded a telex to XYZ OPTIONS advising that BNL-

[redacted]

Atlanta was the confirming bank on the letter of credit issued by the CENTRAL BANK OF IRAQ.

On August 12, 1988, [redacted] and [redacted] visited BNL-Atlanta for the purpose of obtaining a copy of the letter of credit. Pursuant to the terms of the letter of credit, the document would remain non-operational until XYZ OPTIONS provided a down payment guarantee and a ten percent performance bond. According to [redacted] shortly after this visit, [redacted] sent a telex to Iraq stating essentially that [redacted] and [redacted] did not have the personal financial backing for collateralizing the loan. According to [redacted] this almost jeopardized the contract.

b6  
b7C

After obtaining MATRIX-CHURCHILL as a consultant, the performance bond was structured so that three percent was payable up front and seven percent due at the completion of the project. FIRST PHOENIX CAPITAL, which is part of NORTHERN TRUST, provided financing for the performance bond.

On January 22, 1990, [redacted] SERVAAS, INCORPORATED (SVI), 1000 Waterway Boulevard, Indianapolis, Indiana, provided the following information in the presence of his attorneys [redacted] Atlanta, Georgia, and [redacted] Indianapolis, Indiana, to the FBI, Atlanta Division; Department of Agriculture, Atlanta, Georgia; Federal Reserve Bank, Atlanta; U. S. Customs Service, Atlanta, Georgia, while in the offices of the U. S. Attorney, Atlanta, Georgia:

b6  
b7C

[redacted] advised SVI received letters of credit (LOC) in excess of \$40,000,000 from BANCA NAZIONALE DEL LAVARO (BNL), Atlanta Branch, and is aware of the Department of Justice investigation into the activities of [redacted] and others at BNL, Atlanta. Because of this investigation and SVI business relationship with [redacted] BNL and the country of Iraq, [redacted] said SVI would provide any and all information and documents concerning this business relationship.

b6  
b7C

[redacted] advised in early 1988, he and [redacted] of SVI, [redacted] met with [redacted] TECHNOLOGY AND DEVELOPMENT GROUP, LTD. (TDG), 2 Stratford Place, London, England, and [redacted] MATRIX-CHURCHILL CORPORATION (MCC), 5903 Harper Road, Cleveland, Ohio. This meeting was initiated by MCC for the purpose of offering SVI the opportunity to bid on the construction of a factory in Iraq. [redacted] said he obtained a DUN & BRADSTREET report (D & B) on February 24, 1988, which disclosed that the capital stock of MCC

b6  
b7C



[redacted]

was owned by its parent company, T. D. GROUP, PLC, Birmingham, England. [redacted] learned from the D & B that the parent company had over 100 subsidiaries. [redacted] received a letter dated February 26, 1988, from [redacted] which referred to a previous meeting. [redacted] told [redacted] in his letter if SVI is the successful bidder on any project or trading with Iraq through MCC, then SVI would be required to pay a commission or finder's fee of five percent of the total order value. [redacted] said he did not know whether [redacted] was an Iraqi government official; however, he continued it is generally known that since Iraq is a socialist government, all persons working on government projects are represented to be government officials.

b6  
b7C

[redacted] advised meetings continued for several months between SVI and MCC. On May 2, 1988, [redacted] wrote a letter to [redacted] stating that SVI brass mill and subsidiary, BRIDGEPORT BRASS CORPORATION (BBC), Indianapolis, Indiana, was interested in the Iraq project, and SVI had sent a team to Iraq to clarify their request. As a result of this trip to Iraq, SVI learned the Iraqis needed a brass refinery plant and equipment. [redacted] pointed out Iraq has approximately 70,000 metric tons of scrap shell casings used during their war with Iran to be processed through the proposed plant. [redacted] said he told [redacted] that BRIDGEPORT BRASS CORPORATION agreed to pay a commission or finder's fee of five percent of the total order value if they were the successful bidder on the project. It was [redacted] understanding MCC would be a prime contractor, and SVI would be quoting their contract through MCC. On June 24, 1988, [redacted] received a proposal from SVI plant engineer estimating the cost of equipment to prepare scrap for melting and to provide a finished production capacity in two phases over 24 months which totaled \$84,997,000. On June 28, 1988, [redacted] wrote [redacted] and submitted SVI quotation in that amount. This estimate summarized the proposed improvements to the existing plant as follows: Phase I would increase production capacity of the existing plant, and Phase II would prepare the facility to produce brass for commercial sheet application. The proposed cost of both phases was \$84,997,000; Phase I cost of \$42,845,000, and Phase II cost of \$42,152,000.

b6  
b7C

[redacted] advised BRIDGEPORT BRASS CORPORATION was a subsidiary of SVI. Originally and up until the contract was signed, BBC was negotiating this project with MCC. Engineers from BBC had traveled to Iraq and had not experienced any problems with communications and negotiations with the Iraqis. Therefore, [redacted] advised a letter of intent was prepared and directed to [redacted] BRIDGEPORT BRASS CORPORATION, on behalf of the government of Iraq. [redacted] advised this letter of intent was a result of a meeting held July 16, 1988, in Pittsburgh, Pennsylvania, between [redacted]

b6  
b7C

[redacted]

b6  
b7C

[redacted] and [redacted] pointed out the funding for the construction of the sheet mill in Phase II would be paid in part by exchanging coils of sheet from the new production of the mill, rather than from further BNL lines of credit. BNL's financing was restricted to Phase I.

On September 10, 1988, three Iraq officials traveled to Indianapolis, Indiana, to discuss the contract. [redacted] was present for the first two days of negotiations; however, the three Iraqi officials stayed between five and seven days. On or about October 2, 1988, [redacted] received the contract back from Iraq officials with several amendments for SVI to sign.

b6  
b7C

[redacted] said the contract was dated September 10, 1988, and revised October 2, 1988, and was between the Ministry of Industry, Al-Shaheed Factory, Anbar, Iraq (customer), and SERVASS, INC. (contractor), signed by [redacted] and [redacted] for the customer. [redacted] pointed out the contract has a paragraph which disclosed that the customer and contractor had been brought together and assisted in arriving at the terms and conditions of the contract by the worldwide engineering firm of MATRIX-CHURCHILL, LTD., of Coventry, England, which has extensive knowledge and experience in international engineering projects, including Iraq, and would assist the contractor in the performance of the contract. [redacted] said the total contract price was \$40,602,000. [redacted] said most all of the contract documentation with Iraq was handled by SVI, and he dealt with the [redacted] On October 10, 1988, the [redacted] provided SVI with a power of attorney for [redacted] to sign the contract.

b6  
b7C

[redacted] advised the financing was arranged through the BANCA NAZIONALE DEL LAVARO (BNL), Atlanta Branch. [redacted] said BNL originally called SVI concerning the financing. He dealt with [redacted] and [redacted] said no payments were made to any employees directly or indirectly of BNL for this financing. The financing was committed by BNL in the form of LOCs in the amount of \$40,602,000, on November 21, 1988. [redacted] said on January 2, 1989, SVI agreed to go ahead with this project based on all their negotiations with BNL and the Al-Shaheed Factory officials.

b6  
b7C

[redacted] advised [redacted] worked with [redacted] and (First Name Unknown) [redacted] in January, 1989, concerning the financing at BNL. [redacted] also received a letter from [redacted] dated January 31, 1989, in which [redacted] said he

b6  
b7C

[redacted]

would provide [redacted] with a short list of companies involved in projects of a similar nature in Iraq.

b6  
b7C

[redacted] said he wrote a handwritten note dated February 20, 1989, directed to [redacted] advising him [redacted] that he had talked with [redacted] on February 20, 1989, and had told [redacted] that SVI had filed the performance bond and bank guarantees with BNL in Atlanta. BNL in turn sent the filings to the RAFIDAIN BANK in Iraq. [redacted] asked [redacted] to assist in obtaining the approvals.

[redacted] advised in May, 1989, [redacted] wrote a letter to BRIDGEPORT BRASS CORPORATION to the attention of [redacted] which referred to their conversation on the 12th of April. [redacted] set out the terms of payments to be made to MCC for the commission/finder's fee. The first payment was due ten days from receipt of the letter in the amount of \$70,000. Between July, 1989, and July, 1990, payments in the amount of \$930,000 were due. In July, 1991, the final payment of \$1,030,100 was due. Total payments scheduled to be made to MCC was \$2,030,100, or five percent of the contract price. Since the project started, [redacted] said he has made three payments to MCC in the amounts of \$70,000, \$130,000 and \$300,000, for a total of \$500,000. [redacted] said he would talk to both [redacted] and [redacted] before the payments were made. These payments were made via wire transfers from an escrow account set up by SVI from BNL loan proceeds. [redacted] explained SVI had been negotiating with OLIN CORPORATION, Stamford, Connecticut, to sell BRIDGEPORT BRASS CORPORATION. On June 7, 1988, OLIN purchased BBC for \$12,000,000 from SERVASS INVESTMENTS, INC. On September 8, 1988, [redacted] and [redacted] signed a covenant not to compete agreement. [redacted] explained he and [redacted] agreed not to compete against the purchaser of BBC for five years and thereby would receive \$1,000,000. However, this agreement allowed SVI to continue negotiations with the Iraqis if they would sell their interest in the Iraqi proposal to an entity who did not have production facilities in the United States. Therefore, on June 21, 1989, SVI entered into a contract sale agreement with IZANE ENGINEERING, Prop. IZANE TRADING, LTD. (IZANE), located on the Isle of Man. [redacted] explained IZANE is a trust run by ASTON TRADING COMPANY. This agreement provided for the sale and transfer of the Iraqi contract to IZANE for eight percent of the gross contract price of \$40,602,000, or \$3,248,160. Terms of this agreement provided for IZANE to enter into employment contracts with SERVASS ENGINEERING, INC. (SVE), a wholly-owned subsidiary of SVI. IZANE agreed to perform on the contract in accordance with the specifications and plans. SVI would serve in a fiduciary capacity to IZANE for purposes of presentation of documentation to BNL since SVI remained on the LOC. Therefore, SVI would place monies drawn on the LOC into an escrow account and disbursements would be approved by IZANE. SVE

b6  
b7C

[redacted]

would provide IZANE with documentation for disbursements. Then IZANE would direct SVI to make the necessary distributions. However, [redacted] pointed out the wire transfers made for payments to MCC for their commissions/finder's fee were made from SVI, BANK ONE account, Indianapolis, to the IZANE, Isle of Man account, and then to MCC parent company in Coventry, England. [redacted] said he does not know how IZANE came to the attention of SVI but is sure they had nothing to do with MCC nor [redacted]

b6  
b7C

[redacted] advised on July 7, 1989, he sent a facsimile transmission to [redacted] concerning the first wire transfer of \$70,000 to MCC on July 10, 1989. He stated the second wire transfer would be made in the amount of \$130,000 around the end of July, or upon the signing of the contract. At that time, [redacted] said the contract was in Iraq for execution. [redacted] explained the contract between SVI and Al-Shaheed Factory originally dated September 10, 1988, and revised on October 2, 1988, was again revised on August 8, 1989. [redacted] pointed out MCC had a continuing responsibility to work with SVI and the Government of Iraq to complete this project.

b6  
b7C

[redacted] advised on September 12, 1989, he sent a facsimile transmission to [redacted] in Coventry, England, requesting his help and recommendations concerning BNL, Atlanta, who was holding SVI payments on SVI LOCs. [redacted] also wanted to talk to [redacted] about payments by the CENTRAL BANK OF IRAQ.

[redacted] advised on September 13, 1989, he wrote a memorandum to [redacted] concerning quotations on equipment provided on their contract. [redacted] said because of the variations in quotes from suppliers, it could appear that SVI was 50 percent higher or even double other quotes, but because of their responsibilities and commitments, he did not recommend a change in their quoting policy. [redacted] also agreed with [redacted] not to change their quoting policies.

b6  
b7C

[redacted] advised on September 29, 1989, he signed a certificate on behalf of SVI concerning activities with BNL and their LOCs. [redacted] certified to BNL that SVI had no information available prior to August 18, 1989, to indicate the issuance of the BNL LOCs was effected without proper authorization by BNL, nor that any employee of BNL was engaged in any improper conduct in connection with the LOCs, or that any such employee received any payments or other improper inducements in connection with the issuance of the LOCs.

b6  
b7C

[redacted] advised on January 12, 1990, he and [redacted] signed an amendment to the covenant not to compete agreement with OLIN CORPORATION. [redacted] and [redacted] agreed to repay OLIN

[redacted]

\$175,000 for this amendment which allowed SVI to perform the Al-Shaheed contract.

b6  
b7C

On January 17, 1990, [redacted] RD & D INTERNATIONAL, INC., 8133 Leesburg Pike, Suite 310, Vienna, Virginia, provided the following information to agents from USDA, OIG and USCS concerning his knowledge of MATRIX-CHURCHILL CORPORATION:

RD & D INTERNATIONAL is the recipient of \$3,800,000 BNL-Atlanta letter of credit for the export of Turning and Milling Center Equipment to the Saddam General Establishment, Faliuja Ameriya, Iraq. RD & D became aware of Iraqi interest in building a milling plant through contacts at the Pentagon. Initial contact with officials of BNL-Atlanta occurred on or about June 7, 1988.

[redacted] claims to have known HUSSEIN KAMIL HASSAN, the Iraqi Minister of Industry and Military Production, for several years. Prior to his current position, HUSSEIN KAMIL HASSAN was a colonel in the military who was responsible for industrial development which included oversight of the Nassar Industrial Complex outside of Baghdad. During this period, [redacted] was one of five General Directors of the Nassar Complex which included steel mills, manufacturing plants, and various industrial enterprises.

b6  
b7C

When HUSSEIN KAMIL HASSAN was appointed Minister, he put [redacted] in charge of developing business for Iraq from outside of the country. As part of this plan, Iraq purchased 75 percent of MATRIX-CHURCHILL LIMITED, Coventry, England, wholesalers of high precision industrial machinery. MATRIX-CHURCHILL CORPORATION, Cleveland, Ohio, is a subsidiary of the English firm. Further, Iraq acquired TECHNOLOGY & DEVELOPMENT GROUP, LTD. (TDG) in order to funnel deals developed by MATRIX-CHURCHILL to Iraq. With the acquisition of these firms, [redacted] assumed the title of [redacted] of MATRIX-CHURCHILL and [redacted] was named Director of TDG.

The reason HUSSEIN KAMIL HASSAN gave for purchasing/operating the firms in the United Kingdom and the United States was to assist Iraq in being in control of its own industrialization, that is, not having to be dependent on another country. Consequently, [redacted] primary mission was to find/source companies capable of providing technical ability required for a given project in Iraq.

b6  
b7C

In March, 1989, while in Iraq relative to his company's milling plant, [redacted] viewed a letter from the Ministry of Industry and Military Production to all General Directors

[redacted]

b6  
b7C

directing that any projects sourced outside of Iraq should provide for first right of refusal for TDG/MATRIX-CHURCHILL. In other words, TDG/MATRIX-CHURCHILL should be allowed to be involved in the contract as consultants should they so desire.

[redacted] is described as an Iraqi citizen who has grown accustomed to the Western style of life and has not desired to return to Iraq.

b6  
b7C

On contracts which involved MATRIX-CHURCHILL, a consultant or finder's fee of five to 15 percent was assessed the firm awarded the project. The monies were funneled through TDG and, therefore, made available for use or control by high level Iraqi officials. [redacted] was believed to be the "bag man" for SADDAM HUSSEIN, President of the Republic of Iraq.

HUSSEIN KAMIL HASSAN may not have been aware of the contract fees charged by MATRIX-CHURCHILL. Since the Ministry of Industry and Military Production got priority over project development in Iraq and because HASSAN was the son-in-law of the president, there was no incentive for him to be involved in activities of MATRIX-CHURCHILL, et al.

BANCO NAZIONALE DE PARIS (BNP) could be the bank used for wire transferring the funds collected by MATRIX-CHURCHILL and/or transferring the funds to BNL officials. It is possible that [redacted] and [redacted] had an arrangement whereby [redacted] received a rebate on each letter of credit based on a percentage of the sales amount (dollar amount) of the letter of credit.

b6  
b7C

[redacted] of ERIE PRESS, Erie, Pennsylvania, was contacted by MATRIX-CHURCHILL relative to projects in Iraq and was told of the required consultant fee agreement. ERIE PRESS did not conclude a deal with the government with Iraq.